Nova Scotia Department of Finance

Business Plan
2001/02

NOVA SCOTIA
Department of Finance

March 15, 2001

BUSINESS PLAN 2001/02

Mission Statement

To establish a fiscal climate conducive for economic growth and to provide central agency support and policy direction for effective management of the Province's finances and pensions administration.

Goals

1. To enhance financial accountability in the management and control of the Province's finances.
2. To enhance Nova Scotia's long-term fiscal position, provide for fair and efficient taxation and promote economic growth in a strategic way that balances the social responsibilities of government, debt reduction, and a lowering of the tax burden.
3. To provide a core set of high quality corporate services and infrastructure, that supports the efficient and effective management of the Province's public resources, including: government accounting, payroll, pensions, budgeting, treasury, statistics, and internal audit.
4. To achieve effective money management that maximizes return on investments and minimizes debt servicing costs, within acceptable risk tolerances.
5. To foster an environment that values its clients and its employees.

The Department's goals directly support the Government's priorities as reflected in the Throne Speech and Government's stated commitments. Many activities within each of the core business functions of the Department reinforce these linkages. Economic development is enhanced with the overall fiscal health of the Province and through effective taxation policies. The development of accountability mechanisms of legislation and regulations directly supports the Government's directions. As an integral part of the Department's culture, Finance is a dynamic organization that reviews its services on an ongoing basis and responds to client needs and feedback within its fiscal capacity. All aspects of the Department's core functions are aimed at achieving fiscal stability and building a reasonable and responsive government.

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Core Business Functions

Financial Management

- Oversees the accounting of government financial transactions and prepares periodic financial reports
- Liaises with the Auditor General in conducting the external audit of the Province's finances, conducts internal audits and reviews government programs
- Provides direction for the planning and review of the budget process and prepares the budget documents*
- Promotes effective financial accountability through expenditure control and financial reporting*

Investment, Pensions, and Debt Management

- Manages provincial investments, trust funds, pension funds, liability obligations and treasury operations
- Administers the Teachers Pension Plan, the Public Service Superannuation Plan, the MLAs' Pension Plan, and the Province's Public Service Award Program

Policy Development

- Researches, analyses, forecasts, and provides recommendations to government with respect to provincial fiscal, economic, statistical, and pensions services
- Researches and develops a comprehensive, cohesive tax regime which is sensitive to the fiscal, social and economic priorities of Government
- Develops policy and provides strong representation and negotiation of Nova Scotia's interests covering a wide variety of federal-provincial, regional, and inter-departmental committees and task groups including such things as fiscal arrangements, statistics, and pensions

Corporate Services

- Provides corporate services in government accounting, payroll, pensions, budgeting, treasury, statistics, and internal audit

* These responsibilities are shared with Treasury and Policy Board

Priorities for 2001/02

Achieving Financial Accountability

- Continue enhancement of accountability and governance structures as they relate to public policy and administration of financial resources through the continued improvement of the Province's financial management policies and procedures.
- Continue to improve overall fiscal management by producing more relevant and timely financial reports.

Enhancing the Province's Fiscal Interests

- Provide comprehensive research, analysis and advice on key Federal-provincial issues and effectively represent Nova Scotia's interests in negotiations with other governments in such areas as the major federal transfer payments comprised of Equalization and the Canada Health and Social Transfers (CHST), tax collection agreements and the statistical databases which support them.
- Provide for more comprehensive and accurate fiscal planning by government by building upon the econometric modeling enhancements undertaken last year and the development of a new modeling framework to capture major changes to the provinces income tax system.
- Initiate an ongoing process for assessment of the tax initiatives provided within the province and embark upon a full assessment of the current system of taxation with an evaluation of options to achieve a more competitive and responsive tax environment.
- Develop a strategy for the long-term reduction of debt in the Province.
- Monitor the strategy that will minimize the Province's exposure to financial risk on such items as capital market exposures in foreign exchange and unforeseen events.
- Maintain or enhance funding positions of the Teachers' Pension Plan and Public Service Superannuation Plan.

Providing Corporate Services

- Develop a strategic approach and make recommendations for stronger co-ordination and development of the province's statistical resources based on the results of the all department Statistical Needs and Capacity Survey initiated in the last fiscal year.
- Provide leadership and co-ordination to the implementation of standard accounting software and systems for the provincial public sector.
- Provide guidance and support to departments and agencies on significant accounting and financial issues and for statistical services.
- Co-ordinate improvements in service delivery in payroll and benefits administration.
- Implement a corporate internal audit structure for the provincial government.
- Improve the efficiency and effectiveness of the delivery of pension services to plan members and beneficiaries.

Effective Money Management

- Develop and implement a public capital risk allocation methodology.

- Continue the process of integrating treasury management systems and capital market information systems to enhance the overall control, monitoring, and performance of the Liability Management and Investment Divisions.

Developing a Quality Organization

- Contribute to the quality and professionalism of human resource management in the department.
- Continue to develop a productive and skilled workforce in a healthy and safe work environment.
- Acquire and develop technologies to improve productivity and output quality.
- Continue to improve staff training opportunities to provide the skills necessary to achieve the Department's strategic goals.

Budgeting Context

Core Business Function	Budget Allocation (thousands) 2000-01 Estimate	2001-02 Estimate
Senior Management Minister and Deputy office, Legal Services, Communications, Policy & Planning	1456	1074
Controller Controller's Office including Government Accounting, Payroll, Corporate Internal Audit and Corporate Financial Management System (CFMS)	2729	8048
Investments, Pensions & Treasury Services Exec. Director, Investment Management, Treasury Services, Pensions Services and Regulation, Liability Management and Cash Management	830	919
Fiscal & Economic Policy Exec. Director, Fiscal Policy, Economic Policy & Analysis, and Statistics	1609	1645
Corporate Service Units CSU functions of Human Resources, Information Technology and Financial Services	2804	2541
Procurement (transferred to Transportation & Public Works)	1317	-
Prior Years' Recoveries	-1447	-1360
Net Program Expenditures	**9298**	**12867**

The Department of Finance is the corporate central agency for government providing leadership, expertise, analysis and advice to Government on financial, budgetary, taxation, fiscal, economic and statistical matters. Because of the ongoing fiscal challenges, strong leadership in each of these areas is critical as the Province continues its efforts to strengthen its financial position.

The Department's main resource is its staff consisting of experienced professionals in the fields of financial analysis and accountability, investment, debt and cash management, economics, tax policy, statistics, policy development, government accounting, and corporate services. Approximately 85% of the Department's net budget is for salaries with the remaining 15% allocated to general operating expenditures.

The Department of Finance plays a strong role in providing a wide variety of services, with related infrastructure, to departments and agencies of government, including:

- government accounting
- payroll
- pension services
- budgeting
- treasury
- statistics
- internal audit

The Department is also responsible for the management of a number of areas and processes that have a government wide impact including:

- investment and liability management
- financial reporting
- fiscal planning & management
- fiscal & taxation policy
- economic forecasting and analysis
- audit

During the 2000-01 Fiscal Year, Government announced the creation of Treasury and Policy Board. This new activity, to evolve from the former Priorities and Planning Secretariat, will assume accountability for expenditure control formerly attached to the Department of Finance. This includes establishing expenditure targets during the budget process. The Minister of Finance and the Department of Finance retain overall accountability for financial management and establishing the four year fiscal plan. As a result of these changes, the 2001-02 fiscal year will be a transition year for both the new entity and the Department of Finance. Resources from the Department of Finance, including staff from the Budget Division, will be transferred to the Board.

Also during the 2000-2001 fiscal year, Executive Council approved the purchase of new accounting (SAP) software on behalf of the provincial public sector. The new software, known as *mySAP.com*, allows for substantial improvements as an Enterprise Resource Management tool for integrating information and reporting across the provincial public sector entities.

In its approval to purchase the software, Executive Council also approved the development of a more detailed program blueprint to describe how this tool could best be used. The Blueprint, with an initial time horizon of three fiscal years, has been presented to the Business and Technology Advisory Committee (BTAC) for information. Approval to proceed with more detailed aspects of this project is dependent on the business planning and budgeting process for participating public sector entities.

Pending approval for implementation of any of the projects, the Department of Finance will take a program coordination role. Each individual project occurring in a given sector (e.g. school board, municipality) will have its own accountability structure. The role of the Department of Finance, on behalf of government, will be to evaluate proposed projects, assign financial resources, ensure compatibility within the overall Blueprint, leverage resources and create economies of scale.

Outcomes and Outcome Measures

See Attachment A, Finance Outcome Measures 2001-02.

Highlights from Human Resources

The Human Resources Division of the Finance Corporate Services Unit is responsible for providing professional human resource services to a number of departments, agencies, boards and commissions. These services form an integral part of assisting clients in achieving the business priorities of the Department of Finance. Our aim is to collaborate with all government departments in order to develop an approach that is more unified and one which creates a synergy that leverages corporate and departmental objectives. The Finance Human Resources CSU have defined the following priorities for fiscal year 2001-02:

- In conjunction with the Department of Human Resources, developing a common vision for human resources services, clearer roles and responsibilities, and agreed priorities for the development of professional human resource capability across government;
- Support government's agenda with respect to achieving overall targets of fiscal improvement;
- On-going delivery of the Bargaining Unit classification project which started in 2000 and delivery of the new MCP classification and compensation review project;
- Work with managers at establishing a human resource action plan with the intent to integrate such a plan into the annual business planning cycle;
- Provide on-going consultative support to managers on performance management and succession management;
- Assist with organizational review and restructuring as required.

Highlights from Information Technology

The IT Division of the CSU is undertaking steps to better integrate its priority setting and service delivery with the business priorities of its cross-section of clients. In this context the IT-CSU priorities for the 2001-02 fiscal year for the Department of Finance are to:

- Promote the effective use of technology to achieve the business priorities of the Department of Finance by undertaking the following:
  - Development of a high-level business model for Department of Finance, as well as a more detailed model for one branch of the department.
  - Develop and implement enhancements to the new Salary Analysis System.
  - Analysis of web-based tools for service delivery.
- Position the Department of Finance for possible transition to a Corporate Shared Services model of delivery of infrastructure (network, help desk and desktop support) services. This objective is to ensure technical readiness prior to the conclusion of the Corporate Shared Services Opportunities Project, currently underway.
- Safeguard and promote a stable technical infrastructure to meet the requirements of the department, while ensuring new technologies are implemented as appropriate.

Highlights from Financial Services

The role of the Financial Services division of the Corporate Services Unit is to provide day-to-day managing of accounting transactions and to provide financial planning advice and analysis to support business decisions within our client departments. During 2001-02 the following key initiatives will be undertaken to support the Department of Finance:

- Meet the department's needs with respect to financial analysis in business case development, user fee recoveries, program costing analysis, cost/benefit analysis, business planning, estimate and forecast planning and other projects.
- Continue to streamline/ensure efficiency of financial procedures and processes within the Department of Finance in compliance with PSAB government accounting guidelines.
- Support government's agenda with respect to implementation of major revisions to financial management accounting policies, including increased financial accountability.
- Continue utilization of the Asset Management Module of the Corporate Financial Management System (CFMS/SAP) in accordance with the corporate Tangible Capital Assets Policy. Ensure appropriate and accurate recording of capital assets resulting in information which will increase efficiency in the management of capital assets.

Attachment A - Finance Outcome Measures 2001-02				
Goal - Achieving Financial Accountability				
Outcome	Indicator	Measure	Target-2004/05	Strategies to Achieve Target
Effective management of province's financial operating resources.	Accountability and review mechanisms	Legislation	Accountability legislation broadly understood and all key components fully implemented	Provide a summary of departmental responsibilities to Deputy Ministers and departmental lawyers Monthly report of any department expected to exceed budget appropriation to Cabinet and to the Deputy Minister affected.
		Outcomes reporting	First outcomes report to be published by December, 2001	Work with Treasury and Policy Board, as appropriate, to develop report
	Third party spending (education, health, crown corporations, etc.)	Systems and mechanisms in place to monitor third party spending	Compatible software and consistent accounting treatment for all third party spending	Develop a strategy for the use of SAP in the MASH sector Update school board accounting policies to comply with GAAP
	Internal Audit Reports	Comprehensive Audit Plan	A multi-year plan that will cover all material areas of risk of government operations	Identify corporate risks and priorities Consult with Deputy Ministers for input

Attachment A - Finance Outcome Measures 2001-02				
Goal - Achieving Financial Accountability (cont.)				
Outcome	Indicator	Measure	Target-2004/05	Strategies to Achieve Target
Transparent and open financial reporting	Consistency with CICA guidelines	Degree of consistency	Market acceptance of published statements	Address changes in standards and government reporting model
	Provision of relevant, timely information to the public	Date annual report is issued	Production of annual reports by end of calendar year.	Map out process/timeline Review other provinces processes Meet with Office of Auditor-General and departments
		Dates updated forecasts are issued.	Production of quarterly updated forecasts within three months of end of each quarter	Create awareness in media and relevant stakeholders of requirements within Financial Measures Act. Review mechanisms for ensuring transparency of financial forecasting.

Attachment A - Finance Outcome Measures 2001-02				
Goal - Enhancing the Province's Fiscal Interests				
Outcome	Indicator	Measure	Target-2004/05	Strategies to Achieve Target
Producing an orderly, prudent and sustainable multi-year fiscal plan	Debt burden	Debt service costs as percent of revenues	Steady reduction in this measure	Research 10 year historical results Develop debt reduction strategy
		Debt reduction plan	Plan in place	Work with Treasury and Policy Board to develop a debt reduction strategy and plan.
	Credit Rating	Credit ratings of major rating agencies	Improve from current rating	Continue strong presentations to rating agencies on our fiscal position.
	Balanced or surplus budget	Surplus/deficit	Surplus starting in 2002/03	Work closely with Treasury and Policy Board to ensure expenditure control is maintained. Complete implementation of fiscal models to improve in-house revenue forecasting.
	Risk management initiatives	Risk management strategy	Strategy in place	Document forecast process Highlight risk areas to address
Positive climate for investment that stimulates economic growth	Competitive tax environment	Relative business tax levels	Lowest level in Atlantic Region	Business Climate Study Comparative index of business climate indicators
		Effective personal tax rates	Competitive within Atlantic Provinces	Comparative analysis of effective tax levels in all provinces Ongoing communication with other jurisdictions
Fair and efficient taxation	Indirect taxes	User fees and recoveries	Competitive with other provinces	Creation of a comparative index of user fees and other taxes
		Other taxes	Lowest in Atlantic Region	

Attachment A - Finance Outcome Measures 2001-02				
Goal - Enhancing the Province's Fiscal Interests (cont.)				
Outcome	Indicator	Measure	Target-2004/05	Strategies to Achieve Target
Nova Scotia's interests effectively represented in federal fiscal policies and at federal-provincial discussions related to fiscal arrangements.	Federal government awareness of Nova Scotia issues	Description of issues and initiatives	Keep major issues of importance to Nova Scotia on the priority list of the federal government	Preparation and presentation at the Federal-Provincial tables, of material reflecting key issues and concerns from Nova Scotia's perspective Preparation of briefing material on key issues for use in Ministerial and First Ministers discussions Work in close co-operation with Intergovernmental Affairs Provide support to Campaign for Fairness
Goal - Providing Corporate Services				
Quality business services at the best possible price to departments and agencies.	Formal reviews of service offerings	Number of formal reviews undertaken in previous three years	Review an average of one major corporate service per year	Confirm review subjects on an annual basis as part of the business planning process
		Degree of satisfaction with services offered	High degree of satisfaction and relevance	Measure degree of satisfaction with services through a customer survey.
		Comparative cost of services offered	Comparable with similar jurisdictions	Comparative analysis of costs of services in all provinces.

Attachment A - Finance Outcome Measures 2001-02				
Goal - Effective Money Management				
Outcome	Indicator	Measure	Target-2004/05	Strategies to Achieve Target
Efficient and prudent management of the province's financial assets and liabilities	Net debt service costs	Net debt service cost expressed as a percentage of net debt outstanding.	Achieve net debt service costs that are comparable to other Canadian provinces.	Continue to manage debt and investment portfolio to achieve desired results within an appropriate level of risk.
	Foreign debt exposure	Percentage of foreign debt in debt portfolio	Foreign debt not more than 20% of total debt	Continue to refinance maturing debt in net Canadian dollar exposure.
Secure provincial public pension plans	Financial strength of Public sector pension plans	Funded status of Teachers Pension Plan and Superannuation Plan	100% funded status over three year average	Continue to manage pension funds to maximize rate of return within an appropriate level of risk. Ensure new benefits continue to be funded as required.
Goal - Developing a Quality Organization				
Well-qualified and productive employees	Investing in staff	Training	Comparable to other provinces and jurisdictions	As part of annual performance appraisal process, responsible managers/supervisors would identify training requirements with employees aimed at both ensuring they have the tools necessary to perform their roles as well as individual personal development.
		Personal career planning	100% access for employees wanting support in this area	In tandem with the annual performance appraisal process, managers/supervisors will discuss, with their employees, their individual career plans, determine how they fit into the direction of the organization, and from there determine the appropriate steps to take in order to achieve their career goals.
	Employee recognition program	Recognition of excellence and contribution of employees to organization	Organizational culture that is known to be "a good place to work"	(1) Work with Central Agency to develop a Nova Scotia Government "Employee Recognition Awards Program". (2) As an organization, the Department will strongly support and recognize the efforts of departmental employees who work at improving the professionalism, morale and culture of the department